

REPORT ON EXAMINATION

OF

UPPER HUDSON NATIONAL INSURANCE COMPANY

AS OF

DECEMBER 31, 2016

DATE OF REPORT

APRIL 24, 2018

EXAMINER

ROBERT BAIRD

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NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Maria T. Vullo
Superintendent

April 24, 2018

Honorable Maria T. Vullo
Superintendent
New York State Department of Financial Services
Albany, New York 12257

Madam:

Pursuant to the requirements of the New York Insurance Law, and in compliance with the instructions contained in Appointment Number 31762 dated February 2, 2018, attached hereto, I have made an examination into the condition and affairs of Upper Hudson National Insurance Company as of December 31, 2016, and submit the following report thereon.

Wherever the designation “the Company” appears herein without qualification, it should be understood to indicate Upper Hudson National Insurance Company.

Wherever the term “Department” appears herein without qualification, it should be understood to mean the New York State Department of Financial Services.

The examination was conducted at the Company’s home office located at 4446 State Route 42, Suite B, Monticello, NY 12701.

This examination has determined that as of December 31, 2016, the Company’s capital was impaired in the amount of \$2,272,391. Additionally, the Company’s minimum required to be maintained surplus of \$1,900,000 was impaired in the amount of \$882,391.

1. SCOPE OF EXAMINATION

The Department has performed an examination of the Company, a multi-state insurer. The previous examination was conducted as of December 31, 2011. This examination covered the 5-year period from January 1, 2012 through December 31, 2016. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

This examination was conducted in accordance with the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook (“Handbook”), which requires that we plan and perform the examination to evaluate the financial condition and identify current and prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. This examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management’s compliance with New York Laws, statutory accounting principles, and annual statement instructions.

This examination report includes, but is not limited to, the following:

- Company history
- Management and control
- Territory and plan of operation
- Holding company description
- Reinsurance
- Loss review and analysis
- Financial statement presentation
- Significant subsequent events
- Summary of recommendations

A review was also made to ascertain what action was taken by the Company with regard to comments and recommendations contained in the prior report on examination.

This report on examination is confined to financial statements and comments on those matters that involve departures from laws, regulations or rules, or that are deemed to require explanation or description.

2. DESCRIPTION OF COMPANY

The Company was incorporated under the laws of the State of New York on December 27, 1973 as the Marine Indemnity Insurance Company of America, and initially commenced operations on January 1, 1974.

On January 17, 2006, the Company was acquired by Upper Hudson Holdings, LLC, now known as Cinium Financial Services Corporation (“CFSC”), a non-insurance business holding company and commenced operations in September 2006. Prior to the acquisition, the Company had not written any policies since 2001. In September 2006, the Company began writing small commercial and property liability policies. In January 2007, the Company decided to change its strategy and began writing surety policies. However, the Company has not written any new business since 2013.

A. Corporate Governance

Pursuant to the Company’s charter and by-laws, management of the Company is vested in a board of directors consisting of not less than thirteen nor more than twenty-one members. The board meets four times during each calendar year. At December 31, 2016, the board of directors was comprised of the following seven members:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Bernadette Bromley Warrington, PA	Senior Vice President, Upper Hudson National Insurance Company & Cinium Financial Services Corporation
Jeffrey Camp Miami, FL	President and Chief Executive Officer, Upper Hudson National Insurance Company & Cinium Financial Services Corporation
Hugh Hill New York, NY	Managing Director, VH5 Capital, LLC
William A. Klepp Bozeman, MT	Executive Vice President, EWI Re, Inc.
Raul Miranda* Miami, FL	Corporate Controller, Upper Hudson National Insurance Company & Cinium Financial Services Corporation

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Christa Rapoport New York, NY	Senior Vice President – Regulatory Affairs and Compliance Nelson Taplin Goldwater Consultants
James Roberts Naples, FL	Retired, Tower Group International, Ltd.

* Mr. Miranda left the Company subsequent to the date of examination. He was not replaced on the Board of Directors.

It is recommended that the Company comply with or amend the charter and by-laws regarding the number of members on the Board of Directors. A similar recommendation was made in the previous report on examination.

A review of the minutes of the board of directors' meetings held during the examination period indicated that the board did not meet regularly during the period under examination and subsequent to the examination period.

It is recommended that the Board of Directors meet four times annually according to the charter and by-laws of the Company. A similar recommendation was made in the previous report on examination.

A review of the minutes of the board of directors' meetings held during the examination period indicated that all board members did not sign the statement acknowledging that the members read the prior report on examination pursuant to Section 312 of the New York Insurance Law.

It is recommended that the Company comply with Section 312 of the New York Insurance Law and provide a signed statement that all members of the board received and read the prior report on examination.

A review of the charter and by-laws of the Company during the examination period indicated that the Company did not fully comply with certain provisions related to the board-level committees contained in the charter and by-laws.

It is recommended that the Company comply with all provisions related to the board-level committees contained in the charter and by-laws. A similar recommendation was made in the previous report on examination.

A review of the signed conflict of interest statements for each board member, officer and key employee indicated that board members did not complete and sign conflict of interest statements annually.

It is recommended that the Company ensure that each director, officer and key employee completes and signs a conflict of interest statement annually. This recommendation was also made in the previous report on examination.

As of December 31, 2016, the principal officers of the Company were as follows:

<u>Name</u>	<u>Title</u>
Jeffrey Camp	President
Bernadette Bromley	Secretary
Raul Miranda*	Treasurer

* Mr. Miranda left the Company subsequent to the date of examination.

B. Territory and Plan of Operation

As of December 31, 2016, the Company was licensed to write business in eleven states. During the examination period the Company's licenses in WA, LA and OR were suspended and licenses in OH, MA and VA were surrendered.

As of the examination date, the Company was authorized to transact the kinds of insurance as defined in the following numbered paragraphs of Section 1113(a) of the New York Insurance Law:

<u>Paragraph</u>	<u>Line of Business</u>
4	Fire
5	Miscellaneous property
6	Water damage
7	Burglary and theft
8	Glass
9	Boiler and machinery
10	Elevator
11	Animal
12	Collision
13	Personal injury liability
14	Property damage liability
15	Workers' compensation and employers' liability
16	Fidelity and surety
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine

21	Marine protection and indemnity
29	Legal services

Based upon the lines of business for which the Company is licensed and the Company's current capital structure, and pursuant to the requirements of Articles 13 and 41 of the New York Insurance Law, the Company is required to maintain a minimum surplus to policyholders in the amount of \$1,900,000.

The following schedule shows the direct and assumed premiums written by the Company for the period under examination:

Calendar Year	Direct Premiums	Assumed Premiums	Total Gross Premiums
2012	\$1,175,551	\$469,469	\$1,645,020
2013	\$ 112,999	\$580,270	\$ 693,269
2014	\$ 33,318	\$367,369	\$ 400,687
2015	\$ (1,096)	\$219,958	\$ 218,862
2016	\$ 0	\$ 32,768	\$ 32,768

Beginning in 2010, the Company increased its marketing activities in order to resume writing new business. However, the Company has not written new business since 2013.

The Company entered into a twenty percent surety quota share reinsurance agreement with Tower Insurance Company of New York ("Tower") and CastlePoint National Insurance Company ("CastlePoint") in 2012 in which the Company assumed a 20% quota share participation in all policies produced by Tower and CastlePoint classified as contract surety bonds and commercial surety bonds business. This assumption accounted for the majority of the Company's gross premiums and the bulk of its liabilities as of the date of examination.

C. Reinsurance Ceded

There is no ceded reinsurance.

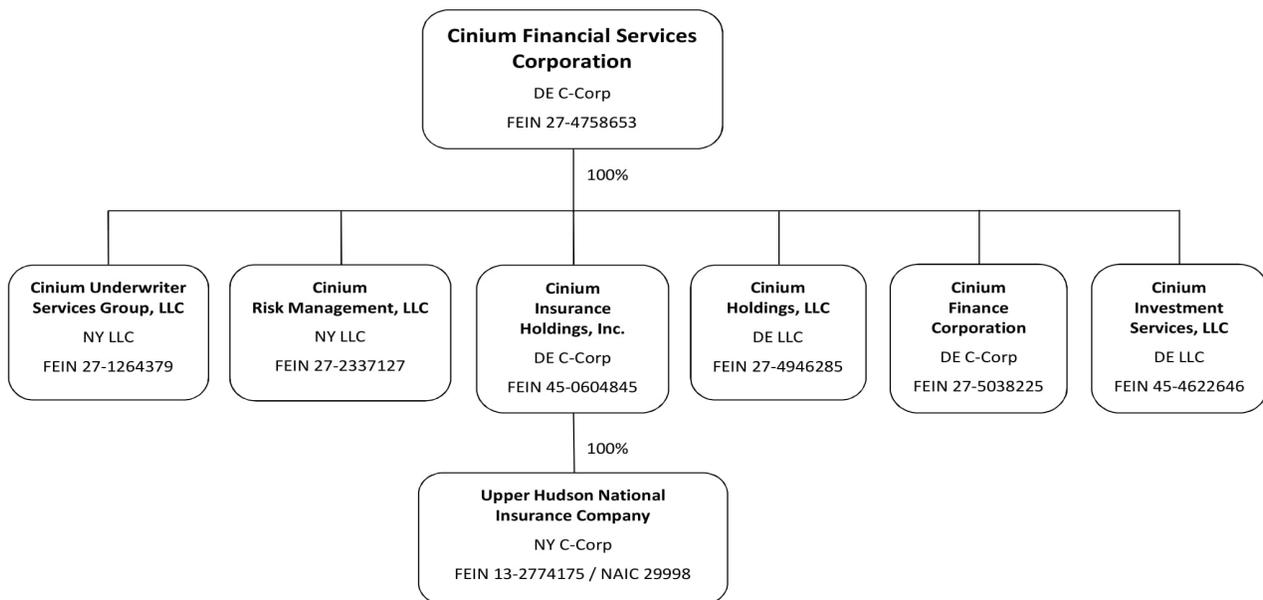
D. Holding Company System

The Company is a wholly-owned subsidiary of Cinium Insurance Holdings, Inc., a Delaware corporation, which is ultimately controlled by Cinium Financial Services Corporation, also a Delaware corporation.

A review of the Holding Company Registration Statements filed with this Department indicated that such filings were incomplete and were not filed in a timely manner in 2012, 2013, 2014 or 2016 pursuant to Article 15 of the New York Insurance Law and Department Regulation 52.

It is recommended that the Company file its Holding Company Registration Statements with this Department in a timely manner pursuant to Article 15 of the New York Insurance Law and Department Regulation 52.

The following is a chart of the holding company system at December 31, 2016:



Holding Company Agreements

At December 31, 2016, the Company was party to the following agreements with other members of its holding company system:

Cost Allocation Agreement

Effective April 1, 2011, the Company entered into a cost allocation agreement with Cinium Holdings, LLC and Cinium Underwriter Services Group, LLC (collectively, the “Companies”). Under the terms of the agreement, the Companies share certain services, including, but not limited to, the services of its personnel, office space, vendor contracts for shared services and use of equipment, as long as such arrangement does not impede the operations of the Company. This agreement was filed with the Department pursuant to Section 1505 of the New York Insurance Law and was non-disapproved.

Tax Allocation Agreement

Effective April 1, 2011, the Company became a party to a consolidated federal income tax allocation agreement with its ultimate parent, Cinium Financial Services Corporation, and other members of the holding company system: Cinium Holdings, LLC, Cinium Insurance Holdings, Inc., Cinium Underwriter Services Group, LLC, Cinium Risk Management, LLC and Aware License Protection Services, LLC. Under the terms of the agreement, the Companies agree to participate in the filing of a consolidated federal income tax return. This agreement was filed with this Department pursuant to Section 1505 of the New York Insurance Law and was non-disapproved.

E. Significant Ratios

The Company's operating ratios, computed as of December 31, 2016, fall within the benchmark ranges set forth in the Insurance Regulatory Information System ("IRIS") of the National Association of Insurance Commissioners ("NAIC"), with the exception of the ratio denoted with the asterisk below.

<u>Operating Ratios</u>	<u>Result</u>
Net premiums written to policyholders' surplus	3%
Adjusted liabilities to liquid assets	64%
Two-year overall operating*	1302% *

*The two-year overall operating ratio fell outside of the NAIC IRIS benchmark because the Company has not written premiums since 2013 and has continued to incur administrative expenses in running off the Company.

Underwriting Ratios

The underwriting ratios presented below are on an earned/incurred basis and encompass the 5-year period covered by this examination:

	<u>Amounts</u>	<u>Ratio</u>
Losses and loss adjustment expenses incurred	\$3,710,242	111.47%
Other underwriting expenses incurred	3,134,934	94.19
Net underwriting loss	<u>(3,516,822)</u>	<u>(105.66)</u>
Premiums earned	<u>\$3,328,354</u>	<u>100.00%</u>

The underwriting ratios are high due to the fact that the Company has not written new business since 2013 but has experienced adverse development and has continued to incur administrative expenses.

F. Accounts and Records

The review of the 2016 annual statement revealed that the following items were not accurately stated:

a) General Interrogatory 3.6

The Company reported on the 2016 annual statement that all recommendations in the latest financial examination report were complied with. However, the Company did not substantially comply with the following management recommendations from the prior report on examination:

- It was recommended that the Company at all times comply with its by-laws and make the necessary amendments before implementing any change.
- It was recommended that the Company comply with their own internal policy by ensuring that senior management and directors sign the annual conflict of interest statements in a timely manner.

b) General Interrogatory 6.1

The Company reported on the 2016 annual statement that no Certificates of Authority, licenses or registrations (including corporate registration, if applicable) were suspended or revoked by any governmental entity during the reporting period. However, the Company's licenses were suspended in Louisiana, Oregon, and Washington.

c) General Interrogatory 10.5

The Company reported on the 2016 annual statement that it has an Audit Committee in compliance with domiciliary state insurance laws. However, there is no Audit Committee.

d) General Interrogatory 18

The Company reported on the 2016 annual statement that there is an established procedure for disclosure to the board of directors of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person. However, there is no such procedure in place.

e) Schedule T

The Company reported on the 2016 annual statement that it is licensed in seventeen states however, licenses were suspended or surrendered in six states and it is currently licensed in only eleven states.

It is recommended that the Company exercise due care when completing its annual statement.

This recommendation was also made in the previous report on examination.

3. FINANCIAL STATEMENTS

A Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2016 as reported by the Company:

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Cash, cash equivalents and short-term investments *	<u>\$3,101,586</u>	<u>\$0</u>	<u>\$3,101,586</u>
<u>Liabilities, surplus and other funds</u>			
Losses and loss adjustment expenses			\$ 336,289
Reinsurance payable on paid losses and loss adjustment expenses			1,462,385
Other expenses (excluding taxes, licenses and fees)			2,308
Taxes, licenses and fees (excluding federal and foreign income taxes)			515
Unearned premiums			405
Ceded reinsurance premiums payable (net of ceding commissions)			<u>187,075</u>
Total liabilities			\$1,988,977
<u>Surplus and other funds</u>			
Common capital stock	\$ 3,290,000		
Gross paid in and contributed surplus	5,940,560		
Unassigned funds (surplus)	<u>(8,117,951)</u>		
Surplus as regards policyholders **			<u>1,112,609</u>
Total liabilities, surplus and other funds			<u>\$3,101,586</u>

Note: The Internal Revenue Service (“IRS”) did not audit the Company’s consolidated Federal Income Tax returns during the examination period. Additionally, as of the date of this examination report, the Company has not received any notification from the IRS that an audit is scheduled to begin. The examiner is unaware of any potential exposure of the Company to any tax assessment and no liability has been established herein relative to such contingency.

* Most of the Company’s assets are tied up in state deposits. At December 31, 2016, \$2,807,288 of the reported total assets of \$3,101,586 are in deposit with three states: New York, \$2,502,259; Georgia, \$45,029; and Oregon, \$260,000.

** This examination has determined that as of December 31, 2016, the Company’s capital was impaired in the amount of \$2,272,391. Additionally, the Company’s minimum required to be maintained surplus of \$1,900,000 was impaired in the amount of \$882,391.

B. Statement of Income

The net loss for the examination period as reported by the Company was \$4,459,817 as detailed below:

Underwriting Income

Premiums earned		\$ 3,328,354
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Deductions:

Losses and loss adjustment expenses incurred	\$3,615,242	
Other underwriting expenses incurred	<u>3,134,934</u>	

Total underwriting deductions		<u>6,750,176</u>
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Net underwriting gain or (loss)		\$(3,421,822)
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Investment Income

Net investment income earned	\$ 31,490	
Net realized capital gain	<u>(1,069,485)</u>	

Net investment gain or (loss)		<u>(1,037,995)</u>
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Net income (loss)		<u>\$(4,459,817)</u>
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C. Capital and Surplus

Surplus as regards policyholders decreased \$4,362,063 during the 5-year examination period January 1, 2012 through December 31, 2016 as reported by the Company, detailed as follows:

Surplus as regards policyholders as reported by the Company as of December 31, 2011				\$5,474,672
		<u>Gains in Surplus</u>	<u>Losses in Surplus</u>	
Net loss			\$4,459,817	
Change in nonadmitted assets	\$	1		
2011 audit adjustment		94,263		
Other		971		
Correction of unrealized gain		<u>2,169</u>		
Net increase (decrease) in surplus		<u>\$97,754</u>	<u>\$4,459,817</u>	<u>(4,362,063)</u>
Surplus as regards policyholders as reported by the Company as of December 31, 2016 *				<u>\$1,112,609</u>

* This examination has determined that as of December 31, 2016, the Company's capital was impaired in the amount of \$2,272,391. Additionally, the Company's minimum required to be maintained surplus of \$1,900,000 was impaired in the amount of \$882,391.

Capital paid in is \$3,290,000 consisting of 9,400 shares of \$350 par value per share common stock. Gross paid in and contributed surplus is \$5,940,560. Gross paid in and contributed surplus and/or capital paid in was unchanged during the examination period.

D. Analysis of Changes to Income

Net income for the examination period, as reported by the Company				\$(4,459,817)
		<u>Income Increase</u>	<u>Income Decrease</u>	
Change in loss and loss adjustment expense reserves			\$95,000	
Net increase (decrease) in income				<u>\$(95,000)</u>
Net income (loss) for the examination period, after examination adjustments				<u>\$(4,554,817)</u>

E. Analysis of Changes to Surplus

Surplus as regards policyholders as of December 31, 2016 per filed annual statement before adjustments			\$1,112,609
	<u>Surplus Increase</u>	<u>Surplus Decrease</u>	
Losses and loss adjustment expenses examination adjustment		\$95,000	
Net increase (or decrease) in surplus		\$95,000	<u>(95,000)</u>
Surplus as regards policyholders as of December 31, 2016 per examination *			<u>\$1,017,609</u>

* This examination has determined that as of December 31, 2016, the Company's capital was impaired in the amount of \$2,272,391. Additionally, the Company's minimum required to be maintained surplus of \$1,900,000 was impaired in the amount of \$882,391.

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of \$431,289 is \$95,000 more than the \$336,289 reported by the Company as of December 31, 2016. The examination analysis of the Loss and loss adjustment expense reserves was conducted in accordance with generally accepted actuarial principles and statutory accounting principles, including the NAIC Accounting Practices & Procedures Manual, Statement of Statutory Accounting Principle No. 55 ("SSAP No. 55").

The Department's actuarial indications showed that the Company's net carried loss and loss adjustment expense reserves were deficient by \$95,000, representing 8.5% of its December 31, 2016 surplus of \$1.113 million or 28.3% of its December 31, 2016 net carried reserves of \$336,289.

Section 1303 of the New York Insurance Law states:

"Every insurer shall...maintain reserves in an amount estimated in the aggregate to provide for the payment of all losses or claims incurred on or prior to the date of statement, whether reported or unreported, which are unpaid as of such date and for which such insurer may be liable, and also reserves in an amount estimated to provide for the expenses of adjustment or settlement of such losses or claims."

Further, paragraph 10 of SSAP No. 55 states:

“The liability for claim reserves and claim liabilities, unpaid losses, and loss/claim adjustment expenses shall be based upon the estimated ultimate cost of settling the claims (including the effects of inflation and other societal and economic factors), using past experience adjusted for current trends, and any other factors that would modify past experience.”

It is recommended that the Company address these reserving deficiencies and report its loss and loss adjustment expense reserves pursuant to the provisions of Section 1303 of the New York Insurance Law and paragraph 10 of SSAP No. 55.M

Subsequent to the examination date, the Company strengthened its reserves as of December 31, 2017 and consequently filed a one year loss and loss adjustment expense reserves deficiency of \$95,000. As the Department recommends a reserve increase which is equal to the Company’s runoff and the Company has already acknowledged its runoff deficiency in its December 31, 2017 annual statement, no further changes to the Company’s financial statements is required.

5. CONCLUSION

This examination has determined that as of December 31, 2016, the Company’s capital was impaired in the amount of \$2,272,391. Additionally, the Company’s minimum required to be maintained surplus of \$1,900,000 was impaired in the amount of \$882,391.

6. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination contained 8 recommendations as follows (page numbers refer to the prior report):

<u>ITEM</u>	<u>PAGE NO.</u>
A. <u>Capital Contribution</u> It was recommended that the Company comply with the requirements of Section 1505(c) of the New York Insurance Law.	3

The Company has complied with this recommendation.

- B. Management 4
- i. It was recommended that the Company at all times comply with its by-laws and make the necessary amendments before implementing any change.
- The Company has not complied with this recommendation and several similar comments are made in this report.
- ii. It was recommended that the Company comply with their own internal policy by ensuring that senior management and directors sign the annual conflict of interest statements in a timely manner. 5
- The Company has not complied with this recommendation. A similar comment is made in this report.
- C. Reinsurance 7
- It was recommended that all reinsurance agreements entered into by the Company include an errors and omissions clause.
- The Company has complied with this recommendation.
- D. Holding Company 8
- It was recommended that the Company file its annual holding company registration statements in a timely manner pursuant to the provisions of Part 80-1.4 of Department Regulation 52.
- The Company has complied with this recommendation.
- E. Accounts and Records 11
- It was recommended that the Company take proper care when completing the annual statement filed with the Department.
- The Company has not complied with this recommendation. A similar comment is made in this report.
- F. Information Technology and Controls 12
- It was recommended that the Company strengthen its controls over IT governance, legal and operations.
- The Company has not complied with this recommendation. However, as the Company's operation is very limited being that it has not written business since 2013, this recommendation will not be repeated.
- G. Real Estate 16
- It was recommended that the Company comply with Section 1407(a)(2) of the New York Insurance Law by limiting investments in any one real estate property held for sale to one percent of admitted assets.
- The Company has complied with this recommendation.

7. SUMMARY OF COMMENTS AND RECOMMENDATIONS

<u>ITEM</u>	<u>PAGE NO.</u>
<p>A. This examination has determined that as of December 31, 2016, the Company's capital was impaired in the amount of \$2,272,391. Additionally, the Company's minimum required to be maintained surplus of \$1,900,000 was impaired in the amount of \$882,391.</p> <p>It is recommended that the company take steps to cure the capital and minimum required to be maintained surplus impairments.</p>	<p>10, 12, 13 & 15</p>
<p>B. <u>Corporate Governance</u></p>	
<p>i. It is again recommended that the Company comply with or amend the charter and by-laws regarding the number of members on the Board of Directors.</p>	<p>4</p>
<p>ii. It is again recommended that the Board of Directors meet four times annually according to the charter and by-laws of the Company.</p>	<p>4</p>
<p>iii. It is recommended that the Company comply with Section 312 of the New York Insurance Law and provide a signed statement that all members of the Board read the prior report on examination.</p>	<p>4</p>
<p>iv. It is again recommended that the Company fully comply with its charter and by-laws regarding board-level committees contained in the charter and by-laws.</p>	<p>4</p>
<p>v. It is again recommended that the Company ensure that each director, officer and key employee completes and signs a Conflict of Interest Statement annually.</p>	<p>5</p>
<p>C. <u>Holding Company</u></p>	
<p>It is recommended that the Company file its Holding Company Registration Statements with this Department in a timely manner pursuant to Article 15 of the New York Insurance Law and Department Regulation 52.</p>	<p>7</p>
<p>D. <u>Accounts and Records</u></p>	
<p>It is again recommended that the Company exercise due care when completing its annual statement.</p>	<p>9</p>
<p>E. <u>Losses and Loss Adjustment Expenses</u></p>	
<p>It is recommended that the Company address these reserving deficiencies and report its loss and loss adjustment expense reserves pursuant to the</p>	<p>14</p>

provisions of Section 1303 of the New York Insurance Law and paragraph 10 of SSAP No. 55.M

Subsequent to the examination date, the Company strengthened its reserves as of December 31, 2017 and consequently filed a one year loss and loss adjustment expense reserves deficiency of \$95,000. As the Department recommends a reserve increase which is equal to the Company's runoff and the Company has already acknowledged its runoff deficiency in its December 31, 2017 annual statement, no further changes to the Company's financial statements is required.

Respectfully submitted,

_____/s/
Robert Baird
Financial Services Examiner 2

STATE OF NEW YORK)
)ss:
COUNTY OF NEW YORK)

Robert Baird, being duly sworn, deposes and says that the foregoing report, subscribed by him is true to the best of his knowledge and belief.

_____/s/
Robert Baird

Subscribed and sworn to before me
this _____ day of _____, 2018.

APPOINTMENT NO. 31762

NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES

I, Maria T. Vullo, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:

Robert Baird

as a proper person to examine the affairs of the
Upper Hudson National Insurance Company
and to make a report to me in writing of the condition of said

COMPANY

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed by name
and affixed the official Seal of the Department
at the City of New York

this 2nd day of February, 2018

MARIA T. VULLO
Superintendent of Financial Services



By:

Joan A. Riddell

Joan Riddell
Deputy Bureau Chief